

CONTRACT FOR SPECIAL SERVICES BY INDEPENDENT CONTRACTOR

THIS CONTRACT is entered into this ____ day of ____, 20__, by and between the COUNTY OF SAN LUIS OBISPO, a political subdivision of the State of California (hereinafter referred to as "County") and the UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT, a California special district (hereinafter referred to as "Contractor").

WITNESSETH

WHEREAS, the County of San Luis Obispo has need for special services and advice in agricultural water conservation services in the area overlying the Paso Robles Groundwater Basin; and

WHEREAS, Contractor is specially trained, experienced, expert and competent to perform such special services;

NOW THEREFORE, the parties mutually agree as follows:

1. **Scope of Services.** Pursuant to this Contract, Contractor shall provide to the County the following special services: development and management of an agricultural water conservation program to implement County Ordinance 3246 that addresses falling water levels in the Paso Robles Groundwater Basin as described in the "Ag Water Conservation Offset Program Proposal" dated December 6, 2013, prepared by the Contractor and attached hereto and incorporated herein as Exhibit A (the "Project").

2. **Compensation.** County shall pay to Contractor as compensation in full for all services performed by Contractor pursuant to this Contract, the not-to-exceed sum of \$158,609.39, to be paid in phases as detailed in paragraph 3 herein. Payments will be made at the start of each of the five phases as described in paragraph 3 herein.

3. **Billing.** Contractor shall submit to the County, upon the start of each phase described below, a detailed statement of services to be performed for that phase, including name and title, the number of hours of work to be performed and billing rates.

The County will pay the Contractor in staged payments throughout the performance of the Contract for the following Phases, as described in Exhibit A:

- a. Upon execution of the contract, Contractor shall be paid the sum of \$8,609.39 for costs associated with pre-contract preparation work.
- b. At the start of Phase 1 (Draft Offset Program) the Department will deposit the sum of \$90,000 with the Contractor in three equal installments. The first \$30,000 installment is payable within 30 days of the execution of the contract and after the Contractor presents the Department with a

written statement of services. The next two installments of \$30,000 each shall be paid within 30 days after the written request of the Contractor.

- c. At the start of Phase 2 (Outreach and Education) and after the Contractor presents the Program status report to the Board of Supervisors (as identified in Exhibit A) , Contractor shall be paid the sum of \$15,000 for costs associated with the Phase within thirty (30) days after the Director of Planning and Building (Director) receives a written statement of services for Phase 2 Outreach and Education and the Director approves completion of Phase 1.
- d. At the start of Phase 3 (Final Offset Program Draft), the Contractor shall be paid the sum of \$15,000 for costs associated with the Phase within thirty (30) days after the Director receives a written statement of services for Phase 3 Final Offset Program Draft and the Director approves completion of Phases 1 and 2.
- e. At the start of Phase 4 (Program Establishment and Monitoring Protocol), Contractor shall be paid the sum of \$30,000 for costs associated with the Phase within thirty (30) days after the Director receives a written statement of services for Phase 4 Program Establishment and Monitoring Protocol and the Director approves completion of Phases 1 through 3.

4. Term of Contract. This Contract shall commence on January 14, 2014, and shall terminate on December 31, 2014, unless said work is completed on a date prior thereto or unless terminated earlier as provided herein. Termination of the Contract may be effectuated by the Director without the need for action, approval or ratification of the Board of Supervisors. It is understood that this Contract is effective January 14, 2014, and covers work which may have been completed prior to the date of execution, compensation for which is detailed in Section 3 above.

5. Termination of Contract for Convenience of Either Party. Either party may terminate this contract at any time by giving to the other party 30 days' written notice of such termination. Termination shall have no effect on upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of said termination.

6. Termination of Contract for Cause. If Contractor fails to perform Contractor's duties to the satisfaction of the County or if Contractor fails to fulfill in a timely and professional manner Contractor's obligations under this Contract or if Contractor shall violate any of the terms or provisions of this Contract or if Contractor, Contractor's agents or employees fail to exercise good behavior either during or outside of working hours that is of such a nature as to bring discredit upon the County, then County shall have the right to terminate this Contract effective immediately upon the County giving written notice thereof to the Contractor. Termination shall have no affect upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of such termination. If County's termination of Contractor for cause is defective for any reason, including

but not limited to County's reliance on erroneous facts concerning Contractor's performance, or any defect in notice thereof, County's maximum liability shall not exceed the amount payable to Contractor under Section 2 above.

7. **Equal Employment Opportunity.** During the performance of this Contract, the Contractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, and hereby promises to comply with the provision on contractor agreements contained in Presidential Executive Order Number 11246 as amended by Executive Order (1) 75 and as approved by Department of Labor Relations (41 CFR Part 61).

8. **Entire Agreement and Modification.** This Contract supersedes all previous contracts and constitutes the entire understanding of the parties hereto. Contractor shall be entitled to no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both parties. Contractor specifically acknowledges that in entering into and executing this Contract, Contractor relies solely upon the provisions contained in this Contract and no others.

9. **Non-Assignment of Contract.** Inasmuch as this Contract is intended to secure the specialized services of the Contractor, Contractor may not assign, transfer, delegate or sublet any interest therein without the prior written consent of County and any such assignment, transfer, delegation, or sublease without the County's prior written consent shall be considered null and void.

10. **Covenant.** This Contract has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Contract shall be determined and governed by the laws of the State of California. All duties and obligations of the parties created hereunder are performable in San Luis Obispo County and a state court in such county shall be the forum for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Contract.

11. **Enforceability.** If any term, covenant, condition or provision of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

12. **Employment Status.** Contractor shall, during the entire term of the Contract, be construed to be an independent Contractor and nothing in this Contract is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, or to allow County to exercise discretion or control over the professional manner in which Contractor performs the services which are the subject matter of this Contract; provided always however that the services to be provided

by Contractor shall be provided in a manner consistent with all applicable standards and regulations governing such services.

Contractor understands and agrees that Contractor's personnel are not and will not be eligible for membership in or any benefits from any County group plan for hospital, surgical or medical insurance or for membership in any County retirement program or for paid vacation, paid sick leave, or other leave, with or without pay or for any other benefit which accrues to a County employee.

13. Warranty of Contractor. Contractor warrants that Contractor and each of the personnel employed or otherwise retained by Contractor are properly certified licensed and insured under the laws and regulations of the State of California to provide the special services herein agreed to. Contractor further warrants and agrees that the duties described in this Contract shall be the only work Contractor, and/or its employees, agents, representatives, or subcontractors perform on the Project, unless the Contractor obtains prior written consent from the Director.

14. Indemnification. To the fullest extent permitted by law, Contractor shall hold harmless, defend and indemnify the County and its officers, officials, employees and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with Contractor's performance of work hereunder or its failure to comply with any of its obligations contained in the agreement, except such loss or damage which was caused by sole negligence or willful misconduct of the County.

15. Insurance. Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, or employees.

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis for bodily injury and property damage, including products-completed operations, personal injury and advertising injury, with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 0001 covering, Code 1 (any auto), or if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily

injury or disease. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage shall also include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

If the Contractor maintains higher limits than the minimums shown above, the County requires and shall be entitled to coverage for the higher limits maintained by the contractor.

Professional Liability/Errors and Omissions

Insurance covering Contractor's liability arising from or related to this Contract, with limits of not less than \$1 million per claim and \$2 million aggregate. Further, Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

Additional Insured Status

The County, its officers, officials, employees, and volunteers are to be covered as insureds on the auto policy with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Contractor; and on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 23 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, the **Contractor's insurance coverage shall be primary** insurance as respects the County, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall state that **coverage shall not be canceled, except after thirty (30) days' prior written notice** (10 days for non-payment) has been given to the County.

Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the required insurance shall constitute a material breach of the Contract, upon which the County immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. The County, at its sole discretion, may obtain damages from Contractor resulting from said breach.

Waiver of Subrogation

Contractor hereby grants to County a waiver of any right to subrogation which any insurer of said Contractor may acquire against the County by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the County has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the County. The County may require the Contractor to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the County.

Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work***
3. If coverage is canceled or non-renewed, and not ***replaced with another claims-made policy form with a Retroactive Date*** prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of ***five (5) years*** after completion of contract work.

Verification of Coverage

Contractor shall furnish the County with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the County before work commences. However,

failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The County reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Certificates and copies of any required endorsements shall be sent to:

San Luis Obispo County
Department of Planning and Building
979 Osos Street, Room 200
San Luis Obispo, CA 93408
Attention: James Caruso, Senior Planner

Subcontractors

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

Special Risks or Circumstances

County reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

16. Records.

- a. Contractor shall keep complete and accurate records for the services performed pursuant to this Contract and any records required by law or government regulation and shall make such records available to County upon request.
- b. Contractor shall assure the confidentiality of any records that are required by law to be so maintained.
- c. Contractor shall prepare and forward such additional or supplementary records as County may reasonably request.

17. Notices. Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be sent by first class mail to the County at:

James Bergman, Director
SLO County Department of Planning and Building
979 Osos Street, Room 200
San Luis Obispo, CA 93408

and to the Contractor:

Laura Edwards, Executive Director

Upper Salinas-Las Tablas Resource Conservation District
65 S. Main Street; Ste 107
Templeton, CA 93465

18. Cost Disclosure - Documents and Written Reports. Pursuant to Government Code section 7550, if the total cost of this Contract is over \$5,000.00, the Contractor shall include in all final documents and in all written reports submitted a written summary of costs, which shall set forth the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of such documentation or written report. The contract and subcontract numbers and dollar amounts shall be contained in a separate section of such document or written report.

19. Confidentiality. No reports, maps, well data, information, documents, or any other materials given to or prepared by Contractor under this Contract which County requests in writing to be kept confidential or which is protected from disclosure by any applicable state or federal law, shall be made available to any individual or organization by Contractor without the prior written approval of County. However, Contractor shall be free to disclose such data as is publicly available. Contractor shall require all of its employees, agents, representatives, and subcontractors to comply with this confidentiality provision.

20. Copyright. Any reports, maps, documents or other materials produced in whole or part by the Contractor or any subconsultant or person responsible to the Contractor under this Contract shall be the property of the County and none shall be subject to an application for copyright by or on behalf of Contractor, subconsultant or person responsible to consultant during the performance of this Contract.

IN WITNESS THEREOF, County and Contractor have executed this Contract on the day and year first hereinabove set forth.

APPROVED AS TO FORM AND LEGAL
EFFECT:

RITA L. NEAL
County Counsel

By: _____

Deputy County Counsel

Date: _____

3/4/14

COUNTY OF SAN LUIS OBISPO

By: _____

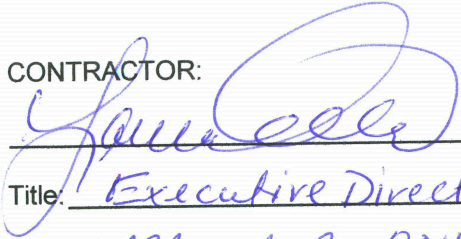
Chairman of the Board of Supervisors

Approved by the Board of Supervisors this on
_____, 20__

ATTEST:

Clerk of the Board of Supervisors

CONTRACTOR:



Title:

Executive Director, US-LTRCD

Date:

March 3, 2014

State of California

County of _____

On _____ before me, _____
personally appeared _____
personally known to me (or proved to me on the
basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to
the within instrument and acknowledged to me
that he/she/they executed the same in
his/her/their authorized capacity(ies), and that
by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which
the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

Upper Salinas-Las Tablas Resource Conservation District



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Ag Water Conservation Offset Program Proposal



Prepared for:

James Caruso and Kami Griffin
SLO County Planning & Building

Prepared by:

Laura Edwards and Kelly Gleason
Upper Salinas-Las Tablas
Resource Conservation District

December 6, 2013

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Program Goal Summary:

This is a proposal to create a water offset program for the County of San Luis Obispo (Offset Program). This program addresses the area overlying the Paso Robles Groundwater Basin – and issues relating to the urgency ordinance. The program will offer a water use offset program for agricultural users aimed at balancing future water demands with water savings with the goal of maintaining current groundwater usage levels. The offset framework also includes programmatic features aimed at increasing water use efficiencies for agricultural properties throughout the region.

Due to the complexity of this type of program, the RCD will utilize a multipronged approach that addresses the myriad of questions that arise in water poor regions wrought with conflicts over water supply and use. Research and data collection will be paramount in the compilation of this program so that defensible decisions can be made. To make this process more time-efficient, the RCD will recruit a select group of specialists (project team) who will meet on a weekly basis and help define the various elements of the program described in this proposal.

It is estimated that this program will be most productive and successful if developed and implemented in five phases:

Phases	Completion Goals (Estimations Only) *
Phase 1 – Draft Offset Program	June 15, 2014
Phase 2 – Outreach & Education	July 30, 2014
Phase 3 – Final Offset Program Draft Completion	August 15, 2014
Phase 4 – Program Establishment and Monitoring Protocol Creation	September 1, 2014
Phase 5 – Implementation of Offset and Associated Monitoring Program	October, 2014

*Assumes notice to proceed in February, 2014

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Please be advised that this is an iterative process and program development timeframes may require adjustment based on input from County staff, community members, technical advisors, and/or community organizations and agricultural stakeholders.

Background:

According to multiple studies of this basin, annual basin pumping is now at or near the basin's perennial yield (Paso Robles Groundwater Management Plan, 2011). From 1997–2009, water levels declined on average of 2–6 feet per year, depending on the location. A Todd Engineering monitoring report (2007) indicated that the Basin was not approaching the safe yield level but some areas were experiencing significant declines in groundwater elevations. A later study completed in 2009 suggested groundwater pumping was approaching the safe yield level of the Basin. The 2010 Resource Capacity Study prepared by the San Luis Obispo County Planning Department stated that the Basin is now near or at perennial yield levels. The County Board of Supervisors certified a Level of Severity III for the Paso Robles Basin in October, 2012, due to declining water levels. In August 2013, the County Board of Supervisors adopted an urgency ordinance to limit new draws from the Paso Robles Groundwater basin. As stated in the urgency ordinance, rural land owners must have an approved "offset" (1:1 replacement water) in order to pump additional groundwater. The basin supplies water for 29% of SLO County's population and an estimated 40% of the agricultural production of the County (Paso Robles Groundwater Basin Blue Ribbon Committee, 2013).

Offset Program Components

The RCD has determined that the most effective Offset Program for this region would include five major elements:

1. Rural Residential Fringe & Hobby Farm Landowners

Multiple rural "ranchettes" are interspersed in the basin. Many have irrigated pasturelands, horse boarding facilities, and small production irrigated agriculture. Additionally, some areas have more densely populated clusters of homes with individual domestic wells that altogether create a larger water impact than some single family units that are spread over a large area.

The County is responsible for reviewing and permitting all indoor water uses and limited outdoor irrigation immediately around the structures as part of its Building

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Permit process. The RCD proposes to develop an offset process for landowners wishing to expand outdoor water use beyond the limited outdoor irrigation that the County is reviewing or beyond what is already irrigated, as of the date of the urgency ordinance. Getting water use efficiency education to the varying types of domestic and/or small scale commercial operations will be another important component of this program element.

2. Crop conversion

A large number of agricultural producers will be seeking to redevelop their crop operations based on consumptive water use. Under this scenario, a producer may wish to stop cultivating X acreage of alfalfa in exchange for Y acreage of a higher or lower water using crop. Offset water credits will need to be evaluated using known water use data for the differing crops to determine the appropriate acreage exchange. We do not intend at this time to develop a process for tracking water unit surpluses or credits gleaned under this scenario. Methods for managing and tracking credits will be developed as part of the Water Transaction Program (Water Bank) scope of work. Technology efficiencies will be incentivized as part of this scenario through our cost sharing program partner, NRCS. SLO County may also be able to assist with short term equipment loans. Lastly, all forms of farm redevelopment will require a high degree of communication to these end users and outreach will be provided as part of this program.

3. New Irrigated Agriculture

Any lands overlying the Paso Robles Groundwater Basin that are converted from non-irrigated to irrigated agricultural land will require water use offsets of a one-to-one ratio. Other producers may seek to expand crop production to a previously un-irrigated area of an existing agricultural property. These scenarios will require the development of an analysis tool which takes multiple data strains into consideration, including these more important aspects: site specific or region specific historic water usage, water use by crop type, and precipitation and recharge rates. This type of water balancing will involve an analysis of the proximity of the impact relative to the proximity of the offset, which will be evaluated and developed in this element. Technology efficiencies will be incentivized under this program element through our

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cost sharing program partner, NRCS. SLO County may also be able to assist with short term equipment loans. Lastly, all forms of farm redevelopment will require a high degree of communication to these end users and outreach will be provided as part of this program.

4. Consumptive Water Use

Under this scenario, Agricultural users may want to install or employ facilities or processes that generate a net consumptive water use. Such operational changes may include installation of frost control devices and/or irrigation water storage reservoirs in addition to the establishment of a new wine processing facility which increases water use. Technology efficiencies will be incentivized here through our cost sharing program partner, NRCS. SLO County may also be able to assist with short term equipment loans. Lastly, all forms of farm redevelopment will require a high degree of cross collaboration and outreach which will be provided as part of this program.

5. Water Transaction (Banking) Program

The use of a water bank could be a viable future management option for the Paso Basin that may be operated under a Groundwater Management District. There are major complexities involved in the creation of a water bank in addition to the many types of water banking styles. This program element will consist of developing a framework for a water transaction program that includes procedures and approaches for attracting, managing, tracking, and monitoring offset credits that landowners contribute to the program (usually with compensation) and other landowners purchase and use for offsets in the appropriate location. The RCD believes, after meeting with consultants and conducting preliminary research, that a full banking program is not necessary for the development of an effective offset program. Note that the creation of a water bank requires an expanded time window (minimum 6 months) than the 3-4 month time window requested for offset program. If the County wishes to pursue this option, the RCD would contract with a water law attorney and financial consultant to achieve program implementation.

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Project Team:

Core Team

Laura Edwards, Executive Director – US-LT RCD

Kelly Gleason, Ag and Natural Resource Planner – US-LT RCD

Erin White, Administrative Coordinator – US-LT RCD

Biologist(s) – US-LT RCD

Hydrogeologist – (Jeff Barry, GSI)

Environmental Specialist – (LynneDee Althouse, Althouse and Meade)

Ben Burgoa, Agricultural Engineer – MCRCD

Hydrological/Agricultural Engineer – NRCS

Advisors

Mark Battany, Agronomist – UC Davis Extension

Randy Heinzen, US-LT RCD Board Member

Vineyard Manager(s), TBD

Water Specializing Legal Professional - TBD

Agricultural Professionals – NRCS

Economic Analyst - TBD

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Scope of Services

Phase 1: Draft Offset Program

The Project Team will convene weekly to formulate a practical and efficient offset program. This team will be comprised of technical specialists in the areas of hydrogeology, hydrologic engineering, agronomy, land use and policy planning, environmental sciences and CEQA analysis, economics, water law, and agriculture. Key US-LT RCD staff and board members will facilitate the process according to the following Tasks.

Task 1: Feasibility Analysis

Subtask 1.1: Background Data Collection, Research, and Analysis

There are numerous components of the proposed offset program that need to be analyzed to create a clear, workable, and technically defensible program. Such analysis would include the following:

- Identification of target applied irrigation rates for crop types throughout the basin area using available research data considering location, soil types, exposure, elevation, and other factors. Perform analysis of potential water savings for applicable efficiency upgrades.
-
- Identification of BMP's and their potential application toward offsets and cost efficiency.

Subtask 1.2: Impact Zone Study

It will be important to consider the location of the increased groundwater development relative to where offsets and conservation measures can be applied to mitigate the impact to the groundwater resource. Criteria will be developed for allowed offsets and conservation measures considering the proximity of the offset to the zone of impact. Information and data that must accompany an offset or conservation proposal will be identified. Comparisons between existing high water use parcels and projected areas for Agricultural growth will be preformed to determine the feasibility of applying impact zone standards to the offset program.

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Subtask 1.3: Historical Water Use and Baseline Mapping

Analysis of existing and historic (5-year) crop production in areas overlying the basin will be necessary to determine location of potential offsetting properties which currently produce high water use crops and to establish a baseline water usage for all Agricultural parcels overlying the affected region. The following information will need to be supplied by the County to complete this analysis:

GIS parcel layer

Annual aerial photographs for the last 5 years

Related mapping and crop type analysis previously completed by or for the County

Deliverable: Memorandum discussing the results of the Feasibility Analysis

Deliverable: Present a “Findings Report” to the Board of Supervisors

Task 2: Draft framework for offset program

The RCD will compile and organize the researched and related offset program components into a draft program framework. We recognize that this is a complex program that will require technical input as well as legal and policy related input to ensure that a practicable, workable, enforceable program is created. The RCD will work closely with our project team and County staff to develop a program based on the uniqueness of the region while including successful strategies from related existing programs. This task includes development of the following:

- Methodology and standards for evaluating water offset units
- Standards for determining historic water use of a participating property
- Identification of crop values and water needs to provide baseline maximum values for efficiency credits
- Offset implementation and monitoring analysis to determine factors and technologies necessary for successful program implementation and administration
- Overall process that an applicant can follow for submitting a development and offset proposal, including information requirements, data analysis requirements, and expertise required for certain types of analysis.

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- Overall process County staff would follow for reviewing, approving, or disapproving development and/or offset proposals.
- Suggestions for applicants wishing to redress an unapproved application.
- Procedures and requirements for monitoring and reporting how the water used as an offset will no longer be pumped.
- Procedures and requirements for monitoring and reporting how the water is used at the new location.
- Recommendations for language to be used in contracts between the County and Applicants for offsets under the program. Contracts will be developed by County Council.
- Recommendations for language to be used in contracts between the Landowner needing the offset and the landowner providing the offset. Contracts will be developed by County Council.

Deliverable: Report describing the framework for the draft offset program.

Task 3: GIS mapping and data recordation framework

During the development of the offset program, we envision that there will be a need to design and construct various maps and related GIS data to support the analysis of agricultural uses overlying the basin. The RCD also recognizes that much of this mapping and data entry will be useful for community outreach and education efforts as well as providing a baseline map and data record for implementation and monitoring of the offset program, once adopted.

Task 4: Scope water use transaction (water banking) program

A number of water banks have been established in the western US that allow landowners needing water rights, mitigation credits, or offsets to purchase them and use them at a new location or sometimes for a new purpose. These credits can be temporary (annual) or permanent. In addition to holding these kinds of credits, water banks can also facilitate water right transfers for environmental benefits (in-stream), water right exchanges, or in-lieu uses. There are many details associated with developing a water use transaction program (WUTP) including finding funding, developing administrative functions, developing procedures for purchasing and selling credits or offsets, pricing temporary or permanent offsets, developing contracts, and legal analysis of how water rights can be transferred. For these reasons, we recommend that we initially scope the program, obtain input from the County and stakeholders, determine the cost of the program, and develop a roll-out plan. Because of the

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time involved in this task and likely controversy it will generate, we suggest waiting until the offset program is fully launched before rolling out any WUTP as a part of the offset program. Therefore, for this task we will provide background research and analysis of the complexities of establishing a financial based transaction program.

Deliverable: Memorandum describing the framework for a water use transaction program.

Task 5: Preliminary community outreach

The RCD has a strong reputation for effectively communicating with its constituency and so an important element of the offset program is public outreach. This may be in the form of written communication, town hall meetings, or presentations. Phase I of the project will include preliminary outreach efforts focused on presenting the draft offset program to the rural community, responding to inquiries, and supporting County staff efforts in introducing the concept of Ag water offsets to the region. More intensive outreach and public participation efforts will be included in Phase II of the project.

Phase 2: Outreach and Education

Phase II of the development of the Agricultural Offset program will include a complete outreach and education effort which includes presentations of the draft program language to various community organizations, advisory boards, agricultural stakeholders, as well as Board of Supervisor presentations and responses to inquiries. The details and timing of this phase will be largely determined based on the resulting structure and framework of the program established in phase I. Detailed task lists and timing will be presented once program direction is known. Preliminary components of the outreach effort include:

- Community Meet & Greets (gather input on offset program and introduce community to the concept and proposed framework of the program)
- Release draft offset program sections at Town Hall style sessions (gather input on draft language)
- Periodically reporting to essential County staff/representatives on draft progress

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Phase 3: Final Offset Program Draft Completion

This phase will include coordination with County staff to finalize staff reports and program language based on the feedback received from the community outreach efforts and County staff. The RCD and our project team will be available during this phase to field questions and provide technical expertise related to program components. Community outreach will be achieved through BOS meetings and response to inquiries from the public and interested parties.

Phase 4: Program Establishment and Monitoring Protocol Creation (Future Phase)

Establishment of an Agricultural offset program will require the creation processes and procedures related to the permitting and monitoring of participating landowners. This phase will include permitting and tracking software development and data input as well as fee studies to determine the administrative costs of the program. Included in this phase is finalization of GIS components and layers used to inform and track water unit credits as part of the offset program. Community outreach efforts will also be included in this phase focused on explaining the program components and highlighting water use efficiency opportunities promoted through the program.

Phase 5: Implementation of Offset and Associated Monitoring Program (Future Phase)

This phase includes implementation of the offset program to include permitting, tracking, monitoring, and continued data analysis. Details and term of this phase will be determined once program framework is known. Ongoing community outreach efforts will be included in this phase.

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Budget

The estimated budget for this project is going to be at least \$150K. Work completed under this contract will be billed on a time and materials basis. The project team will meet on a weekly basis. Individual time will vary based on the amount of research and data analysis needed. The RCD will provide the County with appropriate accounting documents as the program progresses. Please be advised that this program will evolve based on technical and community input in addition to County staff and legal input. Depending on the direction of the program, additional technical advisors may be required to complete the agreed upon objectives.

The budget for Phase 1 of the project is presented in Table 1. A rate schedule is attached. The budget for future phases of the project will be developed and presented to the County prior to completion of the previous Phase. We understand that the County would like to release funds in increments corresponding to completion of major phases of work. Once the payment schedule has been established, the RCD will provide the County an updated scope and budget for each subsequent phase of work at least two weeks prior to the end of the authorized work. In order for the RCD to continue work on the project uninterrupted, the County must authorize the requested funds prior to the RCD beginning the next phase.

Table 1 – Estimated Phase I Budget, SLO County Offset Program Development	
Phase 1 Task	Budget Estimate
Task 1 – Feasibility Study	
Task 2 – Draft Framework for Offset Program	
Task 3 – GIS Mapping and Data Recordation	
Task 4 – Scope for Water Transaction Program	
Task 5 – Preliminary Outreach	
Phase 1 Total	\$75,000 (50%)

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SCHEDULE

A preliminary schedule for completing the various elements of this project is presented in Table 2.

Table 2 – Estimated Schedule, SLO County Offset Program Development	
Phases	Completion Goals (Estimations Only) *
Phase 1 – Draft Offset Program	June 15, 2014
Task 1 – Feasibility Study	April 15, 2014
Task 2 – Draft Framework for Offset Program	May 15, 2014
Task 3 – GIS Mapping and Data Recordation	June 1, 2014
Task 4 – Scope for Water Transaction Program	June 1, 2014
Task 5 – Preliminary Outreach	June 15, 2014
Phase 2 – Outreach & Education	July 30, 2014
Phase 3 – Final Offset Program Draft Completion	August 15, 2014
Phase 4 – Program Establishment and Monitoring Protocol Creation	September 1, 2014
Phase 5 – Implementation of Offset and Associated Monitoring Program	October, 2014

* Assumes notice to proceed in February, 2014

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